

Division of Securities  
Utah Department of Commerce  
160 East 300 South  
P. O. Box 146760  
Salt Lake City, UT 84114-6760  
Telephone: (801) 530-6600  
FAX: (801) 530-6980

**BEFORE THE DIVISION OF SECURITIES  
OF THE DEPARTMENT OF COMMERCE  
OF THE STATE OF UTAH**

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| IN THE MATTER OF:   | STIPULATION AND CONSENT<br>ORDER   |
| VIDEO PROJECTS, INC.;<br>DIKE EDWARD WILLIAMS, aka DWIGHT<br>WILLIAMS, aka D. E. WILLIAMS; and<br><b>ROBERT HOUSTON CALDWELL,</b> | Docket No. SD-06-0023<br>Docket No. SD-06-0024<br><br><b>Docket No. SD-06-0025</b> |
| Respondents.  |  |

The Utah Division of Securities, (Division), by and through its Director of Enforcement, Michael Hines and Assistant Attorney General Jeff Buckner, and Robert Houston Caldwell (Caldwell), through his attorney James N. Barber, hereby stipulate and agree as follows:

1. Caldwell was the subject of an investigation conducted by the Division into allegations that he violated a provision of the Utah Uniform Securities Act (the Act), Utah Code Ann. § 61-1-1, et seq, as amended, which led to the filing of an Order to Show Cause to Respondents on May 3, 2006.
2. The Division's investigation led it to believe that:

- a. Video Projects, Inc. (Video Projects) was a Utah corporation, registered with the Utah Division of Corporations on May 4, 1990. Video Projects' corporate status expired on June 4, 2001. Video Projects' business address was 1365 E. 10600 South, Sandy, Utah. Dike Edward Williams was the registered agent, director, and president of Video Projects.
- b. Dike Edward Williams, a.k.a. Dwight Williams, a.k.a. D. E. Williams (Williams) is a resident of Salt Lake County, Utah.
- c. Robert Houston Caldwell (Caldwell) is a resident of Salt Lake County, Utah. Caldwell was employed by Video Projects as a salesperson, selling its training videos on televised home shopping channels and its computers in infomercials running on cable television.
- d. Between November 1998 and December 1999, Williams offered and sold investments in the form of promissory notes, guarantees, and stock options in Video Projects, to three Utah investors who invested a combined total of \$550,000. Caldwell participated in the offer to investor R. A., as discussed below.
- e. Video Projects was purportedly in the business of computer sales, servicing, and training. Investors were told that Video Projects' stock was going to be offered to

the public through an initial public offering (IPO<sup>1</sup>), and that investor funds would be used to complete the offering.

- f. Investors were told that Williams and Video Projects needed the funds because Williams' cash was tied up in real estate; that Williams owned real estate with equity of over \$7 million which would secure the investments; and that Williams would provide each investor with a personal guarantee of repayment.

(Investor R. A.)

- g. In late November or early December 1999, Caldwell met with R. A. in connection with the investment R. A. was considering in Video Projects.
- h. R. A. stated that Caldwell said Williams had a great plan for Video Projects and any investment R. A. made would involve no risk because it would be secured by real property. R. A. indicated Caldwell told R. A. that Williams owned property with approximately \$9 million in equity available.
- i. Prior to investing, R. A. talked to Williams several times to reconfirm what he had been told and to get more information. Williams told R. A. he was the president of Video Projects and Caldwell was an employee. Williams assured R. A. that any investment of money would be without risk because it would be secured by the equity in properties owned by Williams.
- j. Sometime between late October and early December 1999, Caldwell told R. A. that Williams had equity of \$10 million in property that he owned, and that

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<sup>1</sup> An IPO is a corporation's first offering of stock to the public.

Williams needed investor money because all of his money was tied up in the real estate. Caldwell also told R. A. that Williams planned on taking Video Projects public through an IPO.

- k. On December 17, 1999, R. A. met with Williams at Video Projects' offices to discuss the investment opportunity in more detail. Williams told R. A. that Video Projects was moving into the computer service call-in center business and that there was a market for call-in centers of this type, but almost no competition.
  - l. At this meeting, R. A. invested \$100,000 in Video Projects, by personal check made payable to Video Projects, Inc. Williams gave a promissory note, principal terms agreement, subscription agreement (including a non-reliance and integration clause), a personal guarantee, a confidentiality agreement, and a stock option plan to R. A.
  - m. R. A.'s promissory note was dated December 17, 1999, with a face value of \$100,000, an interest rate of 10% per year, and a maturity date of June 17, 2000. Williams signed the promissory note and personal guarantee in R. A.'s presence.
  - n. R. A. received no return of interest or principal from his investment in Video Projects.
3. Based on the Division's investigative findings, the Division has concluded that:
- a. The promissory note offered to Investor R. A. is a security under § 61-1-13 of the Act;

- b. Caldwell violated § 61-1-3 of the Act by attempting to offer to sell a security in Utah without a license.
4. On or about October 18, 2004 the State of Utah, by and through Charlene Barlow, Esq., Assistant Attorney General of the State of Utah, filed a criminal information charging Williams with three counts of Securities Fraud in violation of § 61-1-1 of the Act, and charging Caldwell with one count of Securities Fraud in violation of § 61-1-1. The information in those cases was based on an Affidavit of Probable Cause sworn to by Diana Parrish, an investigator for the Utah Division of Securities.
5. On or about April 10, 2006, in a negotiated plea between the Utah Attorney General's Office and Caldwell, Caldwell entered a guilty plea to one count of attempted sale of a security by an unlicensed broker-dealer, agent or investment advisor, a Class A Misdemeanor. The Court entered an order that this plea be held in abeyance for 18 months unless terminated earlier, on terms outlined in the plea agreement.
6. As a further result of the referenced investigation, the Division issued an Order to Show Cause (OSC) to Caldwell, Video Projects, Inc., and Dike Edward Williams on May 3, 2006, thereby initiating an administrative action.
7. Caldwell and the Division have agreed to settle the administrative action and any other civil, administrative, or criminal actions pending before the Division and the Attorney General's office against Caldwell related to or arising from this investigation by way of this Stipulation and Consent Order. The administrative action with respect to Video Projects, Inc. and Dike Edward Williams is ongoing.

8. Both the Division and Caldwell agree that this action has been brought more than 6 years after the alleged incident. Provided the Director accepts the terms of this Stipulation, Caldwell admits the jurisdiction of the Division over Caldwell and over the subject matter of this action. If the Division Director does not accept the terms of the Order, Caldwell's agreement to jurisdiction shall be deemed null and void and without any force or effect whatsoever.
9. Caldwell is represented by attorney James Barber and is satisfied with the legal representation he has received.
10. Provided the Director accepts the terms of this Stipulation, Caldwell waives any right to a hearing to challenge the Division's evidence and present evidence on Caldwell's behalf.
11. Without admitting or denying the substance of the Division's investigative conclusions, and based on his plea in Case No. 041906673FS in Utah's Third Judicial District Court, Salt Lake County, State of Utah, Robert Houston Caldwell consents to the Division entering an Order:
  - a. Requiring Caldwell to cease and desist from any future violation of the Utah Securities Act; and
  - b. Requiring that Caldwell pay a fine of thirteen thousand six hundred dollars (\$13,600) to the Division of Securities against which Caldwell will be credited dollar for dollar by payment he makes against the \$13,600 in restitution Caldwell has been ordered to pay to investor R. A. through the office of the Attorney General, as part of the sentence in case number 041906673. Payment of such

restitution in case number 041906673 is due by October 10, 2007, and shall be evidenced by a receipt or written acceptance of payment from the Utah Attorney General's Office and shall constitute full completion of any and all obligations arising from the Consent Order entered upon this Stipulation.

12. Caldwell acknowledges, and the Division agrees, that this Stipulation and Consent Order, upon approval by the Division Director, shall be the final compromise and settlement of this matter. The parties acknowledge that there has been a criminal case filed against Caldwell relating to the conduct alleged in the Division's OSC. The Division acknowledges Caldwell's assertion that jeopardy has attached for purposes of any other criminal prosecution. The Division agrees that it will file no further civil or administrative proceedings against Caldwell relating to the conduct alleged in the OSC. The Division also agrees that it will not make any future criminal referral relating to the conduct alleged in the OSC unless Caldwell is found to have materially participated in the sale of notes or other securities issued by Video Projects to investors not alluded to in the OSC as to whom the statute of limitations set forth in § 61-1-21.1 has not expired. Caldwell further acknowledges that if the Division Director does not accept the terms of the Order, it shall be deemed null and void and without any force or effect whatsoever. The Division agrees that it will neither issue a press release nor take other actions to draw attention to this stipulation or the order entered pursuant hereto. However, the Division website will reflect that this OSC has been settled.

13. Caldwell acknowledges that the Consent Order does not affect any civil or arbitration causes of action that third parties may have against Caldwell, or that Caldwell may have against any third parties, arising in whole or in part from alleged actions recited above.
14. Caldwell acknowledges that the Consent Order does not affect any criminal cause of action that a prosecutor might bring that is unrelated to any cause of action arising directly or indirectly from the investigation or any of the conduct recited above.
15. Violation of the Consent Order accompanying this Stipulation constitutes a third degree felony pursuant to § 61-1-21(1) of the Act.
16. Caldwell has read this Stipulation, understands its contents, and enters into this Stipulation voluntarily. No promises or threats have been made by the Division, nor by any member, officer, agent, or representative of the Division, other than as contained herein, to induce Caldwell to enter into this Stipulation.



**Utah Division of Securities**

Date:

6/7/06

By:

[Signature]

Michael Hines

Director of Enforcement

**Respondent**

Date:

6-7-06

By:

[Signature]

Robert Houston Caldwell

Approved:

[Signature]

Jeff Buckner

Assistant Attorney General

[Signature]

James Barber

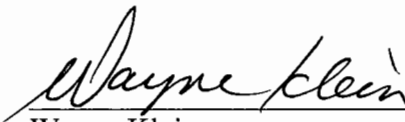
Counsel for Respondent

## ORDER

Pursuant to the terms of the Stipulation defined above, the Director of the Utah Division of Securities hereby orders that:

- a. Robert Houston Caldwell cease and desist from any future violation of the Utah Securities Act; and
- b. Robert Houston Caldwell pay a fine of thirteen thousand six hundred dollars (\$13,600) to the Division of Securities against which Caldwell will be credited dollar for dollar by payment he makes against the \$13,600 in restitution Caldwell has been ordered to pay to investor R. A. through the office of the Attorney General, as part of the sentence in case number 041906673. Payment of such restitution in case number 041906673 is due by October 10, 2007, and shall be evidenced by a receipt or written acceptance of payment from the Utah Attorney General's office and shall constitute full completion of any and all obligations arising from this Order.
- c. Because the Division, on June 7, 2006, received a cashier's check from Caldwell, in the amount of \$13,850, made payable to the Utah Attorney General's office, in full satisfaction of restitution ordered in case number 041906673, Caldwell's administrative fine is waived.

DATED this 7<sup>th</sup> day of June, 2006.

  
Wayne Klein  
Director, Utah Division of Securities



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Utah Department of Commerce  
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**BEFORE THE DIVISION OF SECURITIES  
OF THE DEPARTMENT OF COMMERCE  
OF THE STATE OF UTAH**

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**IN THE MATTER OF:**

**VIDEO PROJECTS, INC.;  
DIKE EDWARD WILLIAMS, aka  
DWIGHT WILLIAMS, aka D. E.  
WILLIAMS; and  
ROBERT HOUSTON CALDWELL,**

**Respondents.**

**NOTICE OF AGENCY ACTION**

**Docket No. SD-06-0023**

**Docket No. SD-06-0024**

**Docket No. SD-06-0025**

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THE DIVISION OF SECURITIES TO THE ABOVE-NAMED RESPONDENTS:

The purpose of this Notice of Agency Action is to inform you that the Division hereby commences a formal adjudicative proceeding against you as of the date of the mailing of the Order to Show Cause. The authority and procedure by which this proceeding is commenced are provided by Utah Code Ann. §§ 63-46b-3 and 63-46b-6 through 11. The facts on which this action is based are set forth in the foregoing Order to Show Cause.

Within thirty (30) days of the mailing date of this notice, you are required to file an Answer with the Division. The Answer must include the information required by Utah Code § 63-46b-6(1). In addition, you are required by § 63-46b-6(3) to state: a) by paragraph, whether you admit or deny each allegation contained in the Order to Show Cause, including a detailed

explanation for any response other than an unqualified admission; b) any additional facts or documents which you assert are relevant in light of the allegations made; and c) any affirmative defenses (including exemptions or exceptions contained within the Utah Uniform Securities Act) which you assert are applicable. To the extent that factual allegations or allegations of violations contained in the Order to Show Cause are not disputed in your Answer, they will be deemed admitted.

Your Answer should be filed with the Division, attention Pam Radzinski, P.O. Box 146760, Salt Lake City, Utah 84114-6760. A copy of your Answer should also be mailed to the Division's attorney, Jeff Buckner, Assistant Attorney General in the Utah Attorney General's Office, 160 East 300 South, P.O. Box 140872, Salt Lake City Utah 84114-0872, telephone (801) 366-0310.

A hearing date has been set for July 6, 2006, at 9:00 a.m., at the office of the Utah Division of Securities, located in the Heber Wells Building, 160 East 300 South, 2<sup>nd</sup> Floor, Salt Lake City, Utah.

If you fail to file an Answer, as set forth herein, or fail to appear at the hearing, the Division of Securities may hold you in default, and a fine and other sanctions may be imposed against you in accordance with Utah Code Ann. § 63-46b-11, without the necessity of providing you with any further notice. In lieu of default, the Division may decide to proceed with the hearing under § 63-46b-10. At the hearing, you may appear and be heard and present evidence on your behalf. You may be represented by counsel during these proceedings.

The presiding officer in this case is Wayne Klein, Director, Division of Securities, 160 East 300 South, P.O. Box 146760, Salt Lake City, UT 84114-6760, telephone (801) 530-6600.

Questions regarding the Order to Show Cause and Notice of Agency Action should be directed to the Division's attorney, Jeff Buckner, at (801) 366-0310.

**DATED** this 6<sup>th</sup> day of June, 2006.

  
WAYNE KLEIN  
Director, Division of Securities  
Utah Department of Commerce



**Certificate of Mailing**

I certify that on the 9TH day of June, 2006, I mailed, by certified mail, a true and correct copy of the Order to Show Cause and Notice of Agency Action to:

Dike Edward Williams &  
Video Projects, Inc.  
336 5<sup>th</sup> Ave.  
Salt Lake City, UT 84103

Certified Mail # 7005 1820 0002 0259 5752

PAMARA RADZINSKI  
Executive Secretary